FISCAL NOTE

Bill #: SB0407

Title: Allocating lodging facility tax revenue for local growth policies

Primary Sponsor: Vicki Cocchiarella

Status: As introduced

Sponsor signature Date

Dave Lewis, Budget Director Date

Fiscal Summary

	FY2000 Difference	**FY2001 Difference**
Expenditures:		
State Special Revenue	$1,000,000	$1,000,000
Revenue:		
State Special Revenue	$1,000,000	$1,000,000
Net Impact on General Fund Balance:	**$0**	**$0**

Yes	**No**		**Yes**	**No**	
	X	Significant Local Gov. Impact		**X**	Technical Concerns
	X	Included in the Executive Budget	**X**		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce Travel Montana Division

1. Total lodging facility use tax collections will be $10,465,513 in FY 2000 and $10,779,373 in FY 2001.
2. Other legislation currently under consideration by the Legislature regarding the Lodging Facility Use Tax is not enacted.
3. A reduction of $1,000,000 annually to Travel Montana would result in the elimination of the Tourism Infrastructure Investment Program, the Community Tourism Assessment Program, the Superhost Training Program, and approximately $700,000 per year in marketing expenditures. One FTE and operating costs would be not be needed for the programs and efforts would be redirected in the Travel Montana Division.

Community Development Bureau

4. The Technical Assistance Program (CTAP) will be required to draft and adopt rules governing grant applications, procedures for awarding grants and monitoring the use of granted funds.
5. SB407 will significantly increase the CTAP workload. Currently CTAP has 2.75 FTEs. Only two are full-time professional planners. SB407 allocates $1,000,000 annually to be made available to local governments for the development and implementation of growth policies. Each grant is capped at $25,000 with a 50% match from the local government. SB407 presents a potential for the program to allocate and monitor/administer 40 or more grants per year. Communities must complete the growth policy or implementation activity within one year of the award of the grant. CTAP would be authorized to grant a one-year extension under certain circumstances. The administration of these grants may carry over into the application cycle the following year. There is the possibility that the program could be involved with 80 or more different grants at any one time.
6. The CTAP will be required to provide an increased level of technical assistance to those communities participating in the grant program as they proceed with their planning projects. It is further assumed that CTAP will be required to review all finished products of the grants for compliance with state statute and the terms of the grant contract. A 1.00 FTE administrative officer (grade 15) would be required to perform these new duties and responsibilities at an estimated cost of $32,234 each year. Operating costs are estimated to be $27,250 in FY 2000 and $24,500 in FY 2001.

FISCAL IMPACT:

	FY2000 Difference	FY2001 Difference
FTE	1.00	1.00
Expenditures:		
Personal Services	$34,234	$34,234
Operating Expenses	$27,250	$24,500
Grants	$938,516	$941,266
TOTAL	$1,000,000	$1,000,000
Funding:		
State Special Revenue (02)	$1,000,000	$1,000,000
Revenues:		
State Special Revenue (02)	$1,000,000	$1,000,000
Net Impact to Fund Balance (Revenue minus Expenditure):		
State Special Revenue (02)	$0	$0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local governments will be required to provide a 50% match of the grant amount either cash or in-kind services.

LONG-RANGE IMPACTS:

Reductions in marketing efforts could affect visitation levels and non-resident expenditures.